Background

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SOUTHERN CALIFORNIA ASSOCIATION of GOVERNMENTS

Why 2014 is a Pivotal Year for Transportation in Southern California

Decisions made over the next nine months on transportation-related issues will have a major impact on mobility, economics and quality of life throughout Southern California.

MAP-21

On the federal level, the current transportation funding authorization – Moving Ahead for Progress in the 21st Century (MAP-21) – expires on Oct. 1, 2014. The Obama Administration has proposed a four-year, $302 billion successor plan that, if approved, would include first-time funding for a national freight program. The latter is crucial to Southern California, where one-third of all jobs and economic activity are centered around goods movement and related industries.

Highway Trust Fund

Highway repairs and improvements are primarily paid for through the Highway Trust Fund, which itself is funded by the 18.4-cents-per-gallon federal fuel tax. That rate has not increased since 1994, which, along with the proliferation of more fuel-efficient vehicles, has created a funding shortfall. Projections are that the Fund will run out of money between August and October of this year. Many revenue raisers have been put on the table by congressional leaders: Raising the gas tax over four years, tax on oil barrel production, revenues from tax credit infrastructure bonds from U.S. off shore investors, or pilot project testing switching to a funding user fee based upon on miles driven.

RTP/SCS

The Southern California Association of Governments is laying the groundwork for its 2016-2040 Regional Transportation Plan/Sustainable Communities Strategy. Updated every four years, the RTP/SCS is the definitive roadmap for transportation improvements in the six-county SCAG region. The 2012-2035 RTP/SCS identified $524 billion in critical transportation programs over the next quarter century. Among the key findings of the 2012-2035 study:

- Southern California will add 4 million people to its current base of 18 million during that period.
- Every $1 spent in transportation improvements nets a return of $2.90 in the form of increased employment, productivity and overall economic activity.
- The region wastes 3.3 million hours each year sitting in traffic.
- State and gas taxes have not changed in 20 years, yet highway construction costs have grown by 82 percent.

- The $524 billion in spending will create 4.2 million jobs – directly and indirectly – over the next 25 years. By reducing congestion, the plan will also reduce greenhouse gas emissions by 8 percent by 2020 and 16 percent by 2035.
- Goods movement and related industries represent one-third of all jobs and economic activity in the six-county region.

Economy/Poverty

There is an inextricable link between investment in transportation infrastructure and economic viability. As the SCAG report shows, every dollar spent returns $2.90 in jobs, business expansion and improved productivity. As Southern California comes out of the worst economic downturn since the Great Depression, maximizing this opportunity has never been more important.

Recently, SCAG reported that between 1990 and 2012, the share of residents in the region who were living below the federal poverty level rose from 13 percent to 18 percent. Indeed, 50 years since President Johnson declared War on Poverty, the challenge is greater than ever. In January, the President's Council of Economic Advisors reported that true "market poverty" – reflecting what the poverty rate would be without any tax credits or other benefits – has actually risen from 27 percent to 28.7 percent over the last half century.

As the 2012-2035 RTP/SCS showed, 4.2 million jobs would be created directly and indirectly as a result of the recommended infrastructure investment.